

**City of Reading City Council  
Regular Business Meeting  
Monday, November 22, 2010**

Vaughn D. Spencer, President of Council, called the meeting to order.

The invocation was given by Pastor CJ Ortega, of the Living Word Fellowship Ministries.

All present pledged to the flag.

**ATTENDANCE**

Council President Spencer  
Councilor Acosta, District 1  
Councilor Goodman-Hinnershitz, District 2  
Councilor Sterner, District 3  
Councilor Marmarou, District 4  
Councilor Reed, District 5  
Councilor Waltman, District 6  
Interim Managing Director C. Geffken  
City Auditor D. Cituk  
City Clerk L. Kelleher  
Legal Specialist T. Butler  
Mayor's Assistant F. Denbowski  
Sergeant at Arms, Capt. R. Schafer  
Mayor T. McMahon

**PROCLAMATIONS AND PRESENTATIONS**

City Council issued the following commendation:

- Recognizing the achievements of Hogares Crea

**PUBLIC COMMENT**

Council President Spencer announced that there are six (6) citizens registered to address Council on agenda matters and one (1) citizen to address Council on non-agenda matters. He inquired if any Councilor objected to suspending the public speaking rule requiring comment on non-agenda matters at the end of the meeting. As no one objected, the rule requiring non-agenda comment at the end of the meeting was suspended. He reminded those registered of the remaining public speaking rules.

**Mioara Boscoanca**, representing the Castlewood Homeowners Association, expressed

concern about the dramatic property tax increase and the effect it will have on those who live on a fixed income. She also noted the drain this increase will have on those residents who choose to live in R1 low density neighborhoods. She suggested exploration into other budget cuts in the police and fire areas before Council approves the property tax increase. She also noted that improved collection of delinquent taxes and fees could counter the need for tax increases. She stated that the property tax increase of 30-50% suggested by the Mayor for the 2012 budget is unacceptable. She expressed the belief that Act 47 is not helping the City and suggested that the City leave Act 47 and handle the financial issues locally.

**Ernie Schlegel**, of Pear Street, encouraged Council to approve the ordinance that would require an investigation into the improper sewer transfer, as this is a most serious issue. He noted the need to hold the Administration accountable. He stated that this dangerous practice used by the Administration has trumped Council's ability to retain financial control over the City. He noted the various Charter requirements which are overlooked by the Administration. He stated that the Administration's actions have injured Council and the taxpayers. He stated that without the unfunded debt payment Council could have reduced the proposed property tax. He stated that the Administration's actions lack transparency.

**Angel Figueroa**, of Queen's Court, recalled the budget imposed tensions that Councilors experience annually. He also noted the difficulty the average taxpayer has understanding City issues due to the lack of through coverage by the Reading Eagle. He suggested cutting the proposed property tax increase by 50% and reducing Department Director salaries by 40%. He further suggested no reduction in police manning and adequate staffing in each City office to support taxpayer services. He noted the need for Council to be responsible to the taxpayers, who are already under extreme financial stress. He also suggested that the Mayor reduce his salary. He noted that one member of Council refuses to take his stipend.

**Pat Lupia**, of Muhlenberg, described his problem dealing with the Codes Office, which resulted in his housing permit fee doubling. He also took issue with the doubled housing permit fee. He expressed the belief that if all rental properties paid, the fee could be reduced. He suggested that the City utilize the County Assessment records to identify illegal rental properties. He suggested rewarding landlords who comply with the City's housing regulations.

**Michael Anastasio**, of Lancaster Avenue, stated that he owns a tattoo business located on Lancaster Avenue. He stated that his commercial property has been improperly charged for recycling fees for many years. He stated that he has paid the recycling bills, to help the City; however, the economic downturn has caused him to trim expenses. He described his difficulty in making the Solid Waste Office understand why he should no longer be paying the recycling fee. He stated that although he has paid his annual business license fee of \$55, the new annual license has not been mailed to him since 2003. He asked City Council to

correct the many broken processes at City Hall. He stated that he understands the need for the property tax increase but noted the correction of City Hall's many inefficiencies could thwart the need for future hikes.

**William Frymoyer**, of AFSCME 2763, was not present.

**Robert Melendez**, from the Latino Community and Real Estate Investors, expressed the belief that the increase in property taxes and fees will force investors out of Reading, as investors can no longer afford homes in Reading. He asked that the City explore all alternatives prior to raising taxes and fees.

### **APPROVAL OF THE AGENDA & MINUTES**

Council President Spencer called Council's attention to the agenda for this meeting, including the legislation listed under the Consent Agenda and the minutes from the October 25<sup>th</sup> and November 8<sup>th</sup> meetings. He noted the need to add two (2) RACP resolutions under the consent agenda heading for the Goggleworks area.

**A Resolution 110-2010** – authorizing the Mayor to file an application for RACP funds in the amount of \$500,000.00 for Alvernia University. The Mayor is further authorized to execute any and all necessary documents as required by the Commonwealth of Pennsylvania (**Law**)

**B. Award of Contract** - for Installation and Rental of Bulk Oxygen Systems for the Waste Water Treatment Plant and the Sixth and Canal Street Pumping Station and the Supply of Oxygen for Both Locations for a One-Year Period for the Department of Public Works to GTS-Welco (PDMA), 5275 Tilghman Street, Allentown, PA 18107, who is the low bidder at the unit prices submitted as attached (**Purchasing**)

**C. Resolution 111-2010** – authorizing the City to Intervene in the appeal of Orange Stones of the October 13, 2010 Decision of the City of Reading Zoning Hearing Board denying Orange Stones application for a non conforming use at 1711 Hampden Boulevard (**Law**)

**D. Resolution 112-2010** – authorizing the application of a RACP Grant in the amount of \$2M for the Entertainment Square project at 2<sup>nd</sup> and Washington Streets.

**E. Resolution 113-2010** – authorizing the application of a RACP Grant in the amount of \$5M for the Goggleworks II project at 2<sup>nd</sup> and Washington Streets.

**Mr. Marmarou moved, seconded by Mr. Sterner, to approve the agenda as amended, including the legislation listed under the Consent Agenda heading and the minutes from the October 25<sup>th</sup> and November 8<sup>th</sup> regular meetings of Council. The motion was approved unanimously.**

### **ADMINISTRATIVE REPORT**

Mayor McMahon gave a power point presentation explaining the effect the property tax and

EIT tax will have on the taxpayer. (*The power point presentation can be viewed on the City's website.*)

Interim Managing Director Geffken read the report distributed to Council at the meeting covering the following:

- Urging Council to reconsider enacting the Transfer Ordinance on tonight's agenda
- Urging Council to table the Investigation Ordinance regarding the transfer from the sewer funds
- Thanking Council for their work to review and adjust the 2011 budget.

Councilor Sterner stated his belief that the Administration should have advised Council about the City's tenuous financial state and the need for the transfer from other funds. Interim Managing Director Geffken stated that the problem has been corrected as the sewer funds are no longer co-mingled with the General Fund account.

#### **AUDITOR'S REPORT**

City Auditor Cituk reviewed his comments on the 2011 budget and read the report distributed to Council at the meeting, covering the following:

- 2006-2010 Admissions Tax Collection
- 2006-2010 Real Estate Transfer Tax Collection
- 1996-2010 Unemployment Tax expenses

#### **ORDINANCES FOR FINAL PASSAGE**

**A. Bill No 92-2010** - amending the City of Reading Codified Ordinances Chapter 1 Administration and Government, Section 186 Fiscal Provisions by providing clarifying language regarding Council approval of transfers to and from all City fund accounts (*Waltman/Council Staff*) ) *Introduced at the October 25 regular meeting; Tabled at the November 8 regular meeting*

**Councilor Goodman-Hinnershitz moved, seconded by Councilor Acosta, to table Bill No. 92-2010.**

**Bill No. 92-2010 was tabled by the following vote:**

**Yeas: Acosta, Goodman-Hinnershitz, Marmarou, Reed, Sterner, Waltman, Spencer, President – 7.**

**Nays – None – 0.**

**B. Bill No 94-2010** - amending the City of Reading Codified Ordinances Chapter 10 Part 19 by creating a Vending Machine section which establishes a permit, permit fee, inspection, inspection fee and penalties for the operation of all vending machines in the City of Reading and providing for an appeal board and procedures, penalties as well as renumbering the sections as required, as attached in Exhibit A (*Law*) *Introduced at the November 8 regular meeting*

**Councilor Reed moved, seconded by Councilor Goodman-Hinnershitz, to enact Bill No. 94-2010.**

Councilor Reed explained that this program will accompany the newly amended fees for vending machine inspections. She stated that the work by the group established a fair and equitable system. She noted that the process used is an excellent example of working to find compromise with the business community. She thanked the City Clerk and Legal Specialist Butler for their work with the group.

Councilor Goodman-Hinnershitz agreed that the process used to develop this program is a perfect model that should be used more regularly.

**Bill No. 94-2010 was enacted by the following vote:**

**Yeas: Acosta, Goodman-Hinnershitz, Marmarou, Reed, Sterner, Waltman, Spencer, President – 7.**

**Nays – None – 0.**

**C. Bill No 95-2010** - recognizing the members of the Reading Main Street Program Board and authorizing the Board to carry out the goals & objectives of the Reading Main Street Program in accordance with the policies of the Department of Community and Economic Development of the Commonwealth of Pennsylvania (**Law/Community Development**) *Introduced at the November 8 regular meeting*

**Councilor Acosta moved, seconded by Councilor Reed, to enact Bill No. 96-2010.**

Council President Spencer and Councilor Reed explained that this new board will lay the ground work for the revival of Penn Street, similar to Penn Avenue in West Reading.

Councilor Goodman-Hinnershitz noted the opportunity to engage the Penn Street businesses in the development of a strategic and comprehensive plan for Penn Street.

**Bill No. 95-2010 was enacted by the following vote:**

**Yeas: Acosta, Goodman-Hinnershitz, Marmarou, Reed, Sterner, Waltman, Spencer, President – 7.**

**Nays – None – 0.**

**D. Bill No 96-2010** – ordering an investigation under the authority of the Home Rule Charter Section 216, regarding the use of sewer funds (**Council Members**) *Introduced at the November 8 regular meeting*

**Councilor Marmarou moved, seconded by Councilor Sterner, to table Bill No. 96-2010.**

**Bill No. 96-2010 was tabled by the following vote:**

**Yeas: Acosta, Goodman-Hinnershitz, Marmarou, Reed, Sterner, Waltman, Spencer, President – 7.**

**Nays – None – 0.**

**E. Bill No 97-2010** – amending the City of Reading Codified Ordinances Chapter 15 Motor Vehicles and Traffic, Section 15-416 increasing the violation for various parking regulations as required by the Act 47 Recovery Plan (RE03 & PA02) (**Law**) *Introduced at the November 8 regular meeting*

**Councilor Marmarou moved, seconded by Councilor Reed, to enact Bill No. 97-2010.**

Council President Spencer stated that these fine increases will assist the Parking Authority in assisting the City financially. He noted that citizens and visitors can avoid paying these fines by obeying the City's parking regulations.

Councilor Goodman-Hinnershitz acknowledged the Parking Authority's willingness to assist the City financially.

**Bill No. 97-2010 was enacted by the following vote:**

**Yeas: Goodman-Hinnershitz, Marmarou, Reed, Waltman, Spencer, President – 5.**

**Nays – Acosta, Sterner – 2,**

**F. Bill No 98-2010** – levying a tax of fourteen and three hundred and thirty-four thousandths mills (0.014334) on the dollar, or fourteen dollars and thirty-three point four cents (\$14.334) on each one thousand dollars is hereby levied and assessed for the fiscal year beginning the first day of January, 2011, and ending the thirty-first day of December, 2011, on all real property in the City of Reading taxable for County purposes (**Finance**) *Introduced at the October 4 special meeting*

**Councilor Marmarou moved, seconded by Councilor Sterner, to enact Bill No. 98-2010.**

Interim Managing Director Geffken stated that the initially proposed increase of 22% was reduced to 20% due to the work of Council to review the line item budget. He also noted the reinstatement of 11 police positions.

Councilor Sterner noted that Council's work to review the budget allowed the restoration of the 11 police positions.

Councilor Waltman noted that the Act 47 Recovery Plan offsets property tax increases until 2014 due to the financial assistance from the Parking Authority and Water Authority. He stated the repeated failures of the Administration have caused the need for this increase that steps away from the Recovery Plan. He expressed the belief that this tax hike will be difficult for many Reading property owners to absorb. He stated that he is not speaking politically, but expressing the need for the Administration to identify alternatives and to be held accountable.

Councilor Goodman-Hinnershitz expressed the belief that the City's continued reliance on one-time fixes caused the need for this large increase. She also noted the difficulties were enlarged by the use of the sewer fund. She stated that this increase is the most responsible way to manage the City's finances, as a reduced rate could create the need for an additional increase next year. She also suggested that the Administration activate the Citizens Advisory Board, as listed in the Recovery Plan.

Councilor Sterner noted the lack of public participation concerning the budget and the tax increases over the past two (2) months. He stated that approximately 80% of the 2011 budget covers salaries and benefits of those who provide public service. He expressed the belief that additional cuts in personnel would be irresponsible.

Council President Spencer stated that the City's financial condition places him in a unique situation as he has never supported tax increases in the past, due to the Administration's lack of sound financial reporting and broken processes. He noted the receipt of the new cash flow reports showing Council the true story. He agreed that the use of one-time fixes in the past skewed the City's ability to work with a balanced budget.

Council President Spencer also noted that the original Recovery Plan, prior to the inclusion of financial assistance from the Parking and Water Authority required property tax increases of 20% for 2011, 10% for 2012, 10% for 2013 and 5% for 2014. He added that the miscalculation of the EIT revenue, the MMO pension payment and the unfunded debt payment created the need for this increase. He stated that it is good to see the many people in the audience urging a property tax decrease but suggested that taxpayers consider the reality of the cost of public services. He stated that he agrees with this increase.

Council President Spencer noted the double "whammy" that will be experienced by the City resident who is also a City employee, as that sector will not only be paying higher property taxes and EIT but will also need to accept continued pay freezes, continued pay cuts and increases in parking and healthcare contributions.

**Bill No. 98-2010 was enacted by the following vote:**

**Yeas: Goodman-Hinnershitz, Marmarou, Sterner, Spencer, President – 4.**

**Nays – Acosta, Reed, Waltman – 3.**

**G. Bill No 99-2010** – amending Chapter 24 Park 2B Home Rule Earned Income Tax section 24-221 through section 24-235 of the City of Reading Codified Ordinances. Section 24-221 through section 24-235 shall provide for a tax of one and six tenths percent (1.6%) on all earned income and net profits generated by residents of the City of Reading. This tax of one and six tenths percent (1.6%) on all earned income and net profits generated by residents of the City of Reading shall be in addition to the tax collected under 24-201 Et Seq. of the City of Reading Codified Ordinances **(Finance)** *Introduced at the October 4 special meeting*

**Councilor Reed moved, seconded by Councilor Sterner, to enact Bill No. 99-2010.**

Interim Managing Director Geffken explained that this increase is required as the City is seeking a .3% commuter EIT. He stated that if approved the City's total EIT rate (city and school district combined) will be 3.6% - 1.5% school district and 2.1% city.

Councilor Sterner stated that ordinarily he would not support this increase but will in this case due to the addition of the commuter EIT. He stressed the need for the improved collection of delinquent EIT.

**Bill No. 99-2020 was enacted by the following vote:**

**Yeas: Acosta, Goodman-Hinnershitz, Marmarou, Sterner, Spencer, President – 5.**

**Nays – Acosta, Waltman – 2.**

**H. Bill No 100-2010** – establishing the Full Time Employee Positions for the City of Reading for the fiscal year 2011 **(Finance)** *Introduced at the October 4 special meeting*

**Councilor Acosta moved, seconded by Councilor Reed, to table Bill No. 100-2010**

**Bill No. 100-2010 was tabled by the following vote:**

**Yeas: Acosta, Goodman-Hinnershitz, Marmarou, Reed, Sterner, Waltman, Spencer, President – 7.**

**Nays – None – 0.**

**I. Bill No 101-2010** – establishing the budget for the funds of the City of Reading including revenues and expenses for the fiscal year beginning January 1, 2011 and ending December 31, 2011 **(Finance)** *Introduced at the October 4 special meeting*

**Councilor Acosta moved, seconded by Councilor Marmarou, to enact Bill No. 101-2010.**



Interim Managing Director Geffken noted that the two (2) past years were difficult as last year 30 police officers were cut and this year 11 fire fighters were cut. He noted that cuts in prior years occurred within the Public Works Department. He added that the 2011 budget eliminated the Tax and Treasury Offices, which will be downsized into a new efficient Services Center.

Councilor Reed expressed her belief in the long review of the 2010 budget and thanked the Administration for their support. She also thanked Council for their willingness to put the time and effort into reviewing this year's budget. She noted the need for the Administration to improve efficiencies and to develop and identify opportunities. She also noted the need for improvement in the collection of PILOTs. She stated that management has lived with pay freezes and cuts while union employees continued to receive salary increases annually. She suggested that if AFSCME 2763 and the FOP Lodge #9 would have refused their 3.5% and 4% increases (respectively) taxes could have been reduced or positions restored. She also noted the need to encourage the County to undertake a reassessment of property values, as this has not taken place since 1994.

Councilor Goodman-Hinnershitz suggested continued collaboration with the County and surrounding municipalities. She also urged the continuation of municipal mergers as it is becoming more and more difficult to run local government services. She also noted the difficulty Council has in making the budget adjustments to further reduce property taxes as the Administration threatened to veto further reductions or adjustments. She noted that a super majority vote of five (5) is required to override a veto.

Councilor Acosta noted the amount of work Council put in over the past eight (8) weeks to review and refine the budget without much public participation. He noted the need for the City's many broken processes to be fixed quickly. He agreed with the need to find illegal landlords and others who refuse to pay taxes and fees. He stated that the average cost of each police officer is \$100K. He stated that the review process included discussions regarding improved services such as Saturday codes enforcement.

Councilor Waltman expressed the belief that the average taxpayer does not believe their taxes are used properly to get Reading where it needs to be. He stressed the need for taxpayers to see tangible results annually, rather than the continued lack of improved services and conditions.

Councilor Goodman-Hinnershitz noted the positives over the course of the past year such as the Blighted Property Review Committee and improved crime prevention. She expressed the belief that the City provides some minimal public services and needs to improve public services annually.

Mayor McMahon thanked Council for their work on the 2011 budget and willingness to compromise with the Administration. He expressed his belief in the Act 47 Recovery Plan and he promised to work hard to find solutions that will improve Reading.

Council President Spencer stressed the need for the Administration to dramatically improve their collection of delinquent taxes and fees, as that revenue may negate the need for future increases. He also noted the uncertainty of the continuation of the State subsidy to the Reading School District which may result in dramatic property tax increases. He suggested that Council and the School Board begin to meet again to discuss shared services, etc.

**Bill No. 101-2010 was enacted by the following vote:**

**Yeas: Goodman-Hinnershitz, Marmarou, Sterner, Spencer, President – 4.**

**Nays – Acosta, Reed, Waltman – 3.**

**Bill No 102-2010** – establishing the Capital Improvement Plan budget for the city of Reading including capital expenditures and revenues for the fiscal year beginning January 1, 2011 and ending December 31, 2011 **(Finance)** *Introduced at the October 4 special meeting*

**Councilor Goodman-Hinnershitz moved, seconded by Councilor Reed, to table Bill No. 102-2010.**

**Bill No. 102-2010 was tabled by the following vote:**

**Yeas: Acosta, Goodman-Hinnershitz, Marmarou, Reed, Sterner, Waltman, Spencer, President – 7.**

**Nays – None – 0.**

## **INTRODUCTION OF NEW ORDINANCES**

Council President Spencer read the following ordinances into the record:

**A. Ordinance** - amending Chapter 1 Administration and Government

Part 5 Boards, Commissions, Committees and Councils Subpart G Planning Commission Section 1-571 Creation Of Commission by reducing the number of members from seven (7) to five (5)  
**(Law)**

**B. Ordinance** - establishing a four-way stop intersection at North 13th Street and Elm Street in the City of Reading, Pennsylvania **(Law/Public Works)**

## **RESOLUTIONS**

There were no resolutions considered by Council at this meeting.

## **COUNCIL COMMENT**

Council President Spencer reviewed the meeting schedule for the next two (2) weeks.

**Councilor Acosta moved, seconded by Councilor Reed, to adjourn the regular meeting of Council.**

*Respectfully submitted by Linda A. Kelleher CMC, City Clerk*